

M e m o r a n d u m

To: Panel Members Date: November 20, 2003

From: Diana Torres, Manager Analyst: J. Davey

Subject: One-Step Agreement for **SET California American Water Company**

CONTRACTOR:

- Training Project Profile: SET-Workers Earning At Least State Avg Hrly Wage
- Legislative Priorities: Developed Jointly By Management And Workers
- Type of Industry: Services
- Repeat Contractor: No
- Contractor's Full-Time Employees
 - *Worldwide:* 8,000
 - *In California:* 271
- ETP Trainees Represented by Union: Yes
- Name and Local Number of Union Representing ETP Trainees: Utility Workers Union Of America, Region V

CONTRACT:

- Program Costs: \$235,040
- Substantial Contribution: \$0
- Total ETP Funding: \$235,040
- Total In-kind Contribution: \$679,000
 - *Trainee Wages Paid During Training:* \$679,000
 - *Other Contributions:* \$0
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Statewide

INTRODUCTION:

This proposal was referred to ETP by the Technology, Trade and Commerce Agency. California-American Water Company (Cal-Am), a division of American Water Company, provides quality water and wastewater service to more than 500,000 Californians. Cal-Am, with the support of its parent company, has a nationwide technical network of more than 6,600 associates. Cal-Am is eligible for funding under the Special Employment Training (SET) provisions outlined under Title 22, California Code of Regulations, Section 4409(a) for workers earning at least the statewide average hourly wage.

MEETING ETP GOALS AND OBJECTIVES:

California American Water Company proposes training that will further the following ETP goals and objectives:

1. Training is targeted to frontline workers earning high wages, well above the ETP minimum wage. Training will provide workers employment in high-wage, high-skill jobs, meeting ETP's legislative mandate to invest in developing the skills of frontline workers and to foster job retention of high-wage, high-skilled jobs.
2. Training was jointly developed by California- American Water Company and the Utility Workers Union of America.

TRAINING PLAN TABLE:

Grp/Trainee Type	Types Of Training	No. Retain	No. Class/Lab Videocnf. Hrs.	No. CBT Hrs.	Cost Per Trainee	Hourly Wage After 90 Days
Job 1 – 5/SET Retrainee	Menu: Business Skills, Commercial Skills, Computer Skills, Continuous Improvement Skills	250	24 – 200	0	\$312 - \$2,600	*\$19.96 - \$60.98
					<u>Prevalent Hourly Wage</u> \$22.58	

Grp/Trainee Type	Types Of Training	No. Retain	No. Class/Lab Videocnf. Hrs.	No. CBT Hrs.	Cost Per Trainee	Hourly Wage After 90 Days
					<u>Average Cost Per Trainee</u> \$940	
<u>Health Benefits Used To Meet ETP Minimum Wage:</u> Health benefits of at least \$3.25 per hour will be added to the base wage to meet the ETP SET minimum hourly rate of \$19.96 per hour for all counties.					<u>Turnover Rate</u> 10%	<u>% Of Mgrs & Supervisors To Be Trained:</u> 0%
<u>Other Employee Benefits:</u> In addition to Health Benefits, California-American Water offers paid sick and vacation leave, and pension benefits.						

COMMENTS / ISSUES:

➤ ***Frontline Workers***

All participants in this project meet the Panel definition of frontline workers under Title 22 California Code of Regulations, Section 4400(ee).

➤ ***Advanced Degrees***

The proposed Contractor's representative states that Lab Technicians, Researchers, and Scientists are only required to have a bachelor's degree for their jobs.

➤ ***Production During Training***

The proposed Contractor agrees that during ETP-funded training hours, trainees will not produce products or provide services which will ultimately be sold.

➤ **Basic Skills Training**

The proposed contractor states that, although the class/lab commercial skills training in Operations, Water Treatment Control, Water Treatment Operation/System, Treatment, and Systems Control Operator may appear basic, it is enhanced training in delivery methods and supplemental to many of the occupations in the training plan. Cal-Am Water representatives state that Cal-Am Water staff has received training up to this time in a one-on-one situation or have been taught on-the-job and not in a structured manner. This method is ineffective because the information does not reach across the state to all employees. So, when workers in Monterey learn a new skill, training does not necessarily transfer to other employees in other regions of the state.

In addition, different skills sets are required to do each job. For instance, when a customer service representative or a meter reader wishes to advance to a water treatment operator or technician position they must take classes in water distribution, treatment, etc. Their current occupations do not require them to have the skills set to work in the new position; therefore, they do not have the ability to move up into a new position. Additionally, trainees who had taken water distribution will have to take water treatment in order to advance in their current job. They may know the water distribution process, but not water treatment. In order to advance in a career ladder, employees must have the requisite classes and skills. Cal Am Water understands that each retrainee must use the skills acquired through training during the 90-day retention period.

PROPOSED ACTION:

Staff recommends that the Panel approve this Agreement if funding is available and the project meets the Panel priorities.

NARRATIVE:

California-American Water Company (Cal-Am Water), a subsidiary of American Water Company, provides water and wastewater utility service to over 500,000 California citizens and businesses. In January 2003, the acquisition of American Water by Thames Water became effective, bringing the total number of worldwide employees of American Water to 8,000. Thames Water is a division of the German company RWE (Rheinisch-Westfälisches Elektrizitätswerk), AG (Aktiengesellschaft) of Essen, Germany. California-American Water employs 250 at ten water districts throughout the state.

Narrative: (continued)

Cal-Am Water states that the competition for the limited water utility services in California has increased over the last several years due to a number of factors. Requests for proposals from water districts for example now require companies like Cal-Am Water to provide the latest technology, such as remote meter reading and sophisticated computer monitoring systems, in order to even bid for services. In addition, new state and federal laws in the wake of the September 11, 2001 terrorist attack now require continuous monitoring and maintenance of valuable water resources to assure that safe and clean water is available to a growing California population. Additionally, Cal-Am Water is in the process of retooling its facilities with new systems and equipment designed to meet these urgent and on going needs. In order for it to meet these needs and maintain its' competitive edge in California, the company must provide current and up-to-date training in business skills, commercial skills, computer skills, and continuous improvement skills to 250 of its frontline workers.

Cal-Am Water also states that with the purchase of American Water by Thames Water early this year the company refocused its operations to become more team oriented and to move decision making and problem solving to the frontline worker. Frontline workers now must improve their skills in identifying problems quickly and implementing solutions, maximizing productivity and provide better service to their customers. Workers must also possess skills necessary to efficiently utilize new equipment including pumping stations, advanced filtration and testing systems, computerized water level test equipment and a new computer system and software, while meeting narrow profit margins and minimizing operational costs. For example, Cal-Am Water is currently reconfiguring wells, constructing a main control valve station and constructing an arsenic treatment facilities in Monterey County. In the cities of Baldwin Hills, San Marino and Duarte in Los Angeles they are installing new mains, making well improvements and constructing a new well treatment facility. In Sacramento County they are drilling and equipping new wells and constructing various arsenic treatment facilities, and in all counties they are preparing to install distribution map automation which enable workers to resolve problems remotely. The new equipment which will be installed is state-of-the-art and requires workers to have training and ability to adapt to new procedures, equipment, methods and the challenges associated with the operation of their water facilities.

The company states that in order to meet these challenges, Cal-Am Water and the United Workers Union of Utility Workers through their Labor-Management Committee, worked collaboratively to create a plan to address these issues. A written assessment of employees was done to determine individual skill levels and training needs. After evaluating these assessments and its competitive position in the marketplace and anticipated benefits, it was evident to Cal-Am Water and the Utility Workers that they must improve frontline workers skills through formalized, systematic training that would improve productivity and knowledge. Some of the identified skills training are continuous process improvement, computer skills, water operation, management and treatment. For example, new technology is utilized in the gathering of water meter data. Utility workers are now required to download and then upload meter information electronically. Additionally, the utilization of the SDADA System (Supervising Control and Data Acquisition) will allow workers to remotely address problem in the field and resolve them quickly.

The business skills training will provide trainees the basics in project management, communication and customer service skills to respond to internal and external customer requirements. Commercial skills in water treatment, control, operations, maintenance, and management will provide all levels of trainees the requisite skills to operate and repair new equipment more efficiently.

Narrative: (continued)

Many of the operations and maintenance staff need to understand water utility and hydrology technology in order to make more informed decisions. Most of the trainees have never received formalized training in water science, chemistry, and management. These skills are necessary to establish a standard of basic knowledge throughout the company so that teams do not have to rely on "experts" to solve problems at the field level. Computer skills will provide a greater understanding of the new computer software system called SCADA (Supervising Control and Data Acquisition). This new system allows maintenance operators and technicians to remotely monitor pumping stations and other equipment remotely, saving time and resources.

Continuous improvement skills will provide trainees with the basics of team work, leadership, quality improvement, problem solving and decision making that will allow them to work more efficiently and move the company to a high performance workplace.

Supplemental Nature of Training

Panel Legislation requires that ETP funds be used to supplement, rather than displace, funds available through existing programs conducted by employers and government-funded programs. Cal-Am Water states that in the past, it has provided infrequent classroom training and "on demand" unstructured on-the-job training. Training conducted in the past was taught by "experts," usually senior staff who had expertise in their field but who knew only one aspect of the overall operation.

None of the training was conducted in a structured, classroom environment across the workforce and thus the information was shared with only a few. Also, the installation of new computer software systems, filtration and water testing systems and pumping station equipment requires a very structured system of training be implemented. The level of technological sophistication required to develop, deliver and maintain a variety of systems to deliver quality water resources and information has evolved over the last several years. In order for Am Water to remain competitive and proficient in their industry they have found it critical to formalize their training methods.

The goal of Am Water and the Utility Workers is to have competent, knowledgeable, and technically proficient employees who have the ability to operate its facilities in a safe, reliable, and environmentally friendly manner. California-American Water Company is committed to long-term training. The company states that future training beyond the ETP funded training is in the planning stages but no absolute dollar figure has been identified.

SUBCONTRACTORS:

Undetermined at this time.

THIRD PARTY SERVICES:

Jami's Ink assisted with the Application and other agreement requirements. The amount paid for these services is a flat fee of \$18,500.

California – American Water Company

MENU CURRICULUM

Class/Lab Hours	Trainees will receive any of the following:
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Job Number 1	
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24 – 200	
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Business Skills

- Business Performance
- Project Management
- Communication Skills
- Customer Service

Computer Skills

- MS Office
- MS Projects
- Spreadsheet
- SCADA (Supervising Control and Data Acquisition)
 - Industrial Automation Visualization Mapping
- Computer Networking
 - Network Engineer
 - Local Area Networks
 - Wide Area Networks
- Network Management
- Computer Programming
 - Visual Basic
 - C
 - C++
 - Object Oriented

Continuous Improvement

- Teambuilding Skills
- Leadership
- Process Improvement
- Quality Improvement
- Problem solving
- Decision Making

Class/Lab Hours	Trainees will receive any of the following:
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Job Number 1

24 – 200

Commercial Skills

Operations

- Applied Water Mathematics
- Hydrological Cycle, Ground and Surface Water Sources
- Source Water Management
- Applied Water Hydraulics
- Water Storage System Operations
- New Disinfection Methods
- New System and Equipment Operations

Water Treatment Control

- Hydrological Cycle
- Ground and Surface Water Sources
- Limnology
- Applied water Chemistry
- New Water Treatment Plant Processes and Controls
- New Chemical, Disinfection Methods, Process and Equipment
- Microbiology
- New Definition of Water Quality Parameters

Water Treatment Operation/System

- Plant Operator and System Responsibilities
- Hydrological Cycle and Affect
- Source Water Management - Level II Water Treatment/System
- Limnology – Level II Water Treatment
- Applied Water Chemistry - Level II Water Treatment/System
- Plant Processes and Controls
- New Filtration Systems, Treatment, Equipment
- Control/Time Calculations, Filtration Surveillance and Monitoring Practices
- New Methods in Water Quality Testing and Action Levels

Class/Lab Hours

Trainees will receive any of the following:

Job Number 1

Commercial Skills (continued)

Treatment and Systems Control Operator

- Plant Operation and Systems Controls
- Advanced Hydrological Cycle and Affect – Level III Water Treatment/Operator
- Advanced Ground and Surface Water Sources and Management
- Water Contaminants and Affect
- Advanced Applied Water Chemistry - Level III Water Treatment/Operator
- Advanced Water Treatment Plant Processes and Controls
- Fluoridation Methods and Monitoring
- Reverse Osmosis and Other Membrane Technologies
- Current Filter Surveillance and New Implementation of Monitoring Practices
- Microbiology and Sampling Procedures
- New Equipment Operation (pumps, distribution systems)

Operations and Management

- Advanced Applied Water Mathematics – Level IV/O & M
- Hydrological Cycle, Ground and Surface Water Sources — Level IV/O & M
- Advanced Water Resource Management
- Advanced Applied Water Hydraulics
- Advanced System Operations
- Principles of Electricity

Advanced Operations and Maintenance

- Utility Management and Supervision
- Organizational Structure and Technology
- Advanced System Source Management/Operations
- Advanced Applied Water Hydraulics – Level V/O & M
- System Operation – Level V/O & M
- New Methods Technology and Sampling
- Advanced Water Parameters

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ETP San Diego Field

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October 18, 2003

EMPLOYEE

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TRAINING PA

Mr. Peter McNamee, Executive Director
Employment Training Panel
1100 J Street, 4th Floor
Sacramento, CA

Dear Mr. McNamee:

The Utility Workers of America support the Employment Training Panel Application of California American Water Company. We feel the training to be offered through this application will assist our workers in remaining competitive and more knowledgeable within the water industry.

California American Water has worked cooperatively with our union in the area of worker training. The Company and the Union have established a joint training oversight committee and have made strong commitments in the area of worker training. As EPA and California State regulations continue to drive changes in the water industry, our members must have the training and knowledge to remain competitive and responsive to these changes. We believe further changes will be forthcoming as water system security concerns are addressed. The strong joint commitment to training along with funding from an ETP grant will enable our members to remain competitive and gain the knowledge required to continue to safely operate and maintain our vital water systems in an ever changing and more challenging environment.

Sincerely,

Bernardo R. Garcia

Bernardo R. Garcia
Region 5 Director